

Message Text

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12

ACTION EUR-12

INFO OCT-01 ISO-00 AGR-10 EB-07 COME-00 TRSE-00 STR-04

AID-05 CEA-01 CIAE-00 FRB-01 INR-07 NSAE-00 CIEP-02

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TO USMISSION EC BRUSSELS

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BRUSSELS FOR AGATT OFFICE - GORDON FRASER; DEPARTMENT
PASS AGRICULTURE (FAS)

E.O. 11652: N/A

TAGS: EAGR, GW

SUBJECT: IMPACT OF THE MILK POWDER REGULATION ON THE
USE OF MIXED FEEDS IN THE COMMUNITY - PHASE 2

REF: BONN 5448

1. THE MINISTRY OF AGRICULTURE HAS JUST MADE AVAILABLE
ADDITIONAL INFORMATION ON THE METHOD WHICH WILL BE USED
TO ESTABLISH THE SALES PRICE FOR NFDM IN GERMANY. THIS
WILL CHANGE THE NUMBERS REPORTED EARLIER IN BONN 5448.

2. WE HAVE BEEN TOLD THAT THE CONVERSION RATE OF THE
UNIT OF ACCOUNT TO THE GREEN MARK WILL BE USED AS
INDICATED IN REFERENCE TELEGRAM. THAT IS THE INTER-
VENTION PRICE OF DM 317 PLUS FREIGHT MINUS EC SUBSIDY
DM 132 YIELDS A SELLING PRICE OF DM 195. HOWEVER, WE
HAVE NOW LEARNED THAT THE SELLING PRICE WILL BE CALCU-
LATED IN A SOMEWHAT DIFFERENT MANNER. THE COST (ALL
FIGURES BASED ON 100 KG NFDM) IS FIGURED AT DM 314
WHICH MINUS THE SUBSIDY OF DM 132 GIVES A SELLING PRICE
OF DM 182. THIS PRICE IS FURTHER REDUCED BY 7.5

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PERCENT FOR CURRENCY COMPENSATION TO DM 168.

FURTHER AN ADDITIONAL REDUCTION OF 10 PERCENT (OF THE DM 168) HAS BEEN MADE BY THE EC TO INCREASE THE COMPETITIVE POSITION OF NFDM. THEREFORE, THE SELLING PRICE AT STORAGE POINT IS CALCULATED AT DM 151. TO THIS WE ADD DM 10 FOR TRANSPORTATION AND DENATURING TO GIVE A PRICE TO THE BUYER OF DM 161. THE MARKET VALUE OF NFDM WE AGAIN CALCULATE AT DM 40, THEREFORE THE LOSS SUFFERED BY THE BUYER IS DM 121 OR BASED ON A TON OF SOYBEAN MEAL ABOUT DM 60. THIS IS A MORE COMPETITIVE PRICE THAN CALCULATED EARLIER. ON THE BASIS OF A DEPOSIT OF DM 94 FOR A TON OF SOYBEAN MEAL IT IS OBVIOUS THAT FEED MANUFACTURERS WILL BUY AND USE NFDM.
HILLENBRAND

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